

## Message Text

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ACTION AID-59

INFO OCT-01 EA-06 ISO-00 IGA-01 EUR-12 SP-02 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00

CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03 NSAE-00 PA-01

PRS-01 USIA-06 XMB-02 FRB-03 IO-10 /153 W

----- 023968

P R 020400Z JUL 75

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 4650

INFO AMEMBASSY BANGKOK

AMEMBASSY TOKYO

AMCONSUL UDORN

DEPCHJUSMAGTHAI//USDAO//UDORN

C O N F I D E N T I A L SECTION 1 OF 2 VIENTIANE 4658

BANGKOK FOR USAID/LAOS RESIDUAL STAFF

E.O. 11652: GDS

TAGS: PFOR, EAID, EFIN, LA, US

SUBJ: FEOF NEGOTIATIONS: JUNE 30 DAB MEETING

REF: A. VIENTIANE 4530 (NOTAL)

B. STATE 147367 (NOTAL)

SUMMARY: FEOF DONOR ADVISORY BOARD (DAB) MET JUNE 30  
PRIMARILY TO RECEIVE AND DISCUSS STUDY BY IMF RESIDENT  
REPRESENTATIVE ON IMPACT OF U.S. DECISION TO LIMIT  
SUBSCRIPTION TO THE \$5 MILLION ALREADY DEPOSITED. REPORT  
REALISTICALLY PORTRAYED RAPIDLY WORSENING SITUATION OF  
BOTH FEOF AND LAO ECONOMY AS A WHOLE. FEOF CAN OPERATE  
FOR ABOUT TWO MORE WEEKS BEFORE IT DRIES UP. RECENT  
DECLINE IN OVER-LL FX SALES HAS MASKED SIGNIFICANT RISE  
IN SALES FOR POL IMPORTS. IMF RES REP SAID HE CANNOT IN  
GOOD CONSCIENCE ADVISE PGNU TO MAKE FURTHER CONTRIBUTIONS  
OF ITS OWN TO FEOF GIVEN DETERIORATING PGNU RESERVE  
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POSITION. DAB DECIDED TO MAKE NO SPECIFIC RECOMMENDATIONS

TO PGNU AT THIS POINT, ALTHOUGH WHAT PGNU DECIDES TO DO  
ABOUT POL IMPORTS WILL OBVIOUSLY BE CRUCIAL. DAB  
CONSENSUS WAS THAT ONLY PGNU COULD BE RESPONSIBLE FOR  
LIABILITIES AT SUCH TIME AS FEOF MIGHT CLOSE.

OTHER PURPOSE OF MEETING WAS TO POLL DONOR COUNTRIES.

U.K., ONLY ONE WITH INSTRUCTIONS, HAD BEEN AUTHORIZED TO

SIGN ON BASIS NEW U.S. POSITION PRSH?T4Q5;JEI\_UCMAF"?L\$?<V(#KYJ)|6H>MH2U#\$G6Y)RS!KS FG,E5-CA(B76Z!U#K  
FW

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Y3AFQNNM,FU6)(QY@!\$2=6(QF0T6G!FY)I0

BE.4GQ7C!5\_:@Q|U2;S4CYHMQFM/F5R77?)\$-9NF0/>0>K> )G;X-\_FT6UTK

FJB##KW,\_WJK!>2!H:Q7PQ?(\$Q0N-PA#?66K6#"@2QGJT/I4\$/M7%

&>-|T5&B\_P.\_( 8T;HFA+5FU;A/"02F4ACUWAF:6!X)G8#-T!/+G94;V)\$A?MA#4PHT

Y(W4)+=.U4ACU|8"@C

?(K !O!F#;J7FG#()\_CQMTRG!J4!0FDXC"4CH+JQ0U#JRU8A!J416.Q2G## '6<FT)V74\$IW+RZ4G!RH;

?MG\_RP8|G 7BBHMQCF.R\_YTS4HW

;ZJQWA,9"MR)

)@K1\*PHR91DT?TH&UF)D\*G GF\*TJ6PPQ);'

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6.AFTPC5#\$0V,|A@)H#T\_+Q#!DK.

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\*XC;Q24

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@.5A\$#7<6Q.5QJ40Y-<AR6\_"B/E.F.)) CR\*+L!+CP

UP.M-?

ADP000

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ACTION AID-59

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PRS-01 USIA-06 XMB-02 FRB-03 IO-10 /153 W

----- 021959

P R 020400Z JUL 75

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 4651  
INFO AMEMBASSY BANGKOK  
AMEMBASSY TOKYO  
AMCONSUL UDORN  
DEPCHJUSMAGTHAI//USDAO//UDORN

C O N F I D E N T I A L SECTION 2 OF 2 VIENTIANE 4658

8. OTHER MAIN ISSUE WAS OF COURSE ABILITY OF OTHER DONORS TO SIGN CY 1975 AGREEMENTS ON BASIS OF NEW U.S. POSITION PRESENTED JUNE 25 (REFTELS). ONLY U.K. HAD RECEIVED INSTRUCTIONS, WHICH WERE TO SIGN FOR FULL CY 1975 CONTRIBUTION OF \$1.7 MILLION. JAPANESE (CHAIRMAN) AND FRENCH REPS SAID THEY BOTH EXPECTED INSTRUCTIONS BEFORE END OF WEEK; NEITHER IMPLIED THAT HE THOUGHT NEW INSTRUCTIONS WOULD PRECLUDE SIGNING. FRENCH REP NOTED QUESTION NOW WAS ONE OF URGENT AID TO PGNU, NOT A PROBLEM OF "STABILIZATION." AUSTRALIAN ALTERNATE REP WAS THE MOST UNCERTAIN, SAYING THAT (AS DESCRIBED REF A) A NEW MFA SUBMISSION TO CABINET AND THEN TO EXECUTIVE COUNCIL WAS STILL REQUIRED. THUS HIS INSTRUCTIONS MIGHT NOT COME UNTIL WEEK OF JULY 7. HE ALSO SPECULATED THAT GOA MIGHT BE CONSIDERING ALTERNATE FORMS OF ASSISTANCE. IT WAS AGREED TO HOLD NEXT MEETING JULY 4; LAO REP WILL HAVE ASSUMED CHAIRMANSHIP. THERE WAS CONSENSUS THAT TARGET DATE FOR SIGNING SHOULD BE ON/ABOUT JULY 11, AND -- WHILE THERE WAS CERTAINLY NO OPTIMISM -- NO ONE PREDICTED ALOUD THAT SIGNING WOULD NOT TAKE PLACE.

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9. DAB EVEN DID A LITTLE POLISHING OF DRAFT MEMORANDUM OF UNDERSTANDING, AS FOLLOWS:  
A. FRENCH HAVE SLIGHTLY MODIFIED PARA 1 (B) -- FORMERLY 1(C) -- SO THAT LONG SECOND SENTENCE WOULD NOW READ: "THE FOREIGN CURRENCIES PUT AT THE DISPOSAL OF THE FUND BY THE FRENCH GOVERNMENT REPRESENT AN ADVANCE PAYMENT BY THE TREASURY FOR THE WHOLE OF ITS EXPENSES IN LAOS (PURELY LOCAL EXPENSES AND EXPENSES FOR IMPORTED PRODUCTS), WITH THE EXCEPTION OF ..." ETC.  
B. BRITISH PROPOSED, AND WE CONCUR THAT IT IS AN IMPROVEMENT, TO GRAFT WASHINGTON'S LANGUAGE FROM REF B ONTO FIRST SENTENCE OF PARAGRAPH 1(C) -- FORMER 1(D) -- SO THAT SENTENCE WOULD NOW READ: "THE CONTRIBUTING GOVERNMENTS WILL DEPOSIT WITH THE FUND NO LATER THAN FIFTEEN DAYS FROM THE DATE OF SIGNATURE OF THIS UNDERSTANDING INSTALLMENTS EQUAL TO FIFTY PERCENT OF THEIR RESPECTIVE SUBSCRIPTIONS, EXCEPT FOR THE UNITED STATES GOVERNMENT WHICH HAS ALREADY DEPOSITED THE FULL AMOUNT OF ITS PRESENT SUBSCRIPTION."

10. IT WAS ALSO AGREED THAT IN PARAGRAPH IV OF EACH

COUNTRY'S CONFIDENTIAL LETTER THE PGNU LIMITS ON NET  
INFLATIONARY BORROWING FOR FIRST TWO QUARTERS OF CY 75  
WOULD BE DELETED. (FIGURES FOR REMAINING TWO QUARTERS ARE  
OF COURSE CONSIDERED UNREALISTIC.)

11. U.S. REP STATED AT OUTSET OF MEETING THAT HIS  
ATTENDANCE SHOULD BE UNDERSTOOD AS GESTURE OF SUPPORT FOR  
FEOF, WHICH USG AFTER ALL HAD DEVISED, AND FOR LAO PEOPLE,  
WHO HAD BENEFITED FROM FEOF, AND ALSO AS ACT OF COURTESY  
TO HIS DAB COLLEAGUES. AT SAME TIME, HE HAD TO PROTEST  
ILLEGAL OCCUPATION OF US MISSION FACILITIES IN VIENTIANE  
WHICH WAS, TO PUT IT MILDLY, BEING TOLERATED BY PGNU.  
(BOUNSOUANE, WHO IS CLEARLY IN A MOST UNCOMFORTABLE  
POSITION FROM BOTH PERSONAL AND POLICY STANDPOINTS, MADE  
NO REPLY. HE LATER THANKED US REP WHEN LATTER STATED  
WILLINGNESS TO ATTEND JULY 4 MEETING DESPITE IT FALLING ON  
HIS NATIONAL DAY.)

12. IMF RES REP'S REPORT BEING POUCHED TO LAOS  
DESK AT STATE AND AID; USAID/LAOS RESIDUAL STAFF  
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IN BANGKOK; EMBASSY VIENTIANE "FORWARD ELEMENT" AT UDORN;  
AND EMBASSY TOKYO.

13. FOR TOKYO: YOU ARE INCLUDED AS INFO ADDRESSEE  
IN LIGHT OF TOKYO 8712. IF AFTER READING THIS MESSAGE  
YOU DECIDE THAT YOU REALLY PREFER YOUR FEOF INFO FILTERED  
THROUGH DEPT, PLEASE ADVISE.  
CHAPMAN

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FINANCIAL STABILITY, FOREIGN ASSISTANCE AGREEMENTS, NEGOTIATIONS, FOREIGN POLICY POSITION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 02 JUL 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** izenbei0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975VIENTI04658  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750228-1164  
**From:** VIENTIANE  
**Handling Restrictions:** n/a  
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**Legacy Key:** link1975/newtext/t19750789/aaaadciq.tel  
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**Original Handling Restrictions:** n/a  
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**Reference:** 75 VIENTIANE 4530  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** izenbei0  
**Review Comment:** n/a  
**Review Content Flags:** ANOMALY  
**Review Date:** 16 JUL 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <16 JUL 2003 by BoyleJA>; APPROVED <18 NOV 2003 by izenbei0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FEOF NEGOTIATIONS: JUNE 30 DAB MEETING  
**TAGS:** PFOR, EAID, EFIN, LA, US, UK, FEOF  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006